



California Water and Infrastructure Report

For April 9, 2020

by Patrick Ruckert

Published weekly since July, 2014

An archive of all these weekly reports can be found at both links below:

<http://www.californiadroughtupdate.org>

<https://www.facebook.com/CaliforniaDroughtUpdate>

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“Persuaded, as the Secretary is, that the proper funding of the present debt will render it a national blessing, yet he is so far from acceding to the position, in the latitude in which it is sometimes laid down, that 'public debts are public benefits'-- a position inviting to prodigality and liable to dangerous abuse-- that he ardently wishes to see it incorporated as fundamental maxim in the system of public credit in the United States, that the creation of debt should always be accompanied with the means of extinguishment. This he regards as the true secret for rendering public credit immortal.”

Alexander Hamilton, Secretary of the Treasury in the first George Washington administration

Report to Congress, “First Report on the Public Credit.” 1790

A Note To Readers

As highlighted in the quotation above, our first Treasury Secretary Alexander Hamilton insisted that the issuance of any debt by the United States must be accompanied by that debt's producing of a means of paying that debt. Now look at what the Federal Reserve is presently doing in issuing multi-trillions of dollars of debt to bail out the speculative garbage of the Wall Street banks.

Yes, the U.S. Treasury and the Federal Reserve are issuing necessary emergency funding to ensure that businesses and individuals do have the means of at least surviving the present emergency, but beginning right now, President Trump, by Executive Order, must restore the Glass-Steagal banking law. That will shut down such practices, while protecting the deposits and pensions of the population.

Then, step two is establishing a national credit system, like Alexander Hamilton's First National Bank of the United States, to issue, as the President has proposed, \$2 trillion in new debt to fund the building of the nation's infrastructure. As any thinking person knows, such investments pay for themselves

through the increased productivity of the entire economy. Thus meeting the criteria established by Hamilton more than 200 years ago.

The **Feature** this week presents presents a couple of articles on “What Must Be Done.”

Also in this week's report:

We begin with a discussion of the new report by LaRouche PAC, “LaRouche’s ‘Apollo Mission’ for a World Health System and the Economy.” This is a comprehensive report on the COVID-19 pandemic and what must be done to create a world health care system that can stop this disaster, build the healthcare infrastructure to do so, and ensure that the world never again will suffer such a pandemic. Links to the full report are included.

That is followed by a couple of reports that focus on the hysteria generated by the U.S. and British media and the neo-cons against China, while that country is providing dozens of medical teams to countries around the world, and shipping medical supplies to more than 150 countries, including about 50 large cargo jets to the U.S. The insanity about China that is polluting the U.S. today must end.

Next we focus on the developing California drought, which has taken a significant upward intensity in just the past week.

The water and Corona virus pandemic intersect and combine with the decades of wrecking our agricultural sector to create now a situation in which farmers are destroying the food they produce and the physical ability to feed all Americans is threatened.

Next a short section reports on an article, “Some Background on Decades of Taking Down the U.S. Hospitals.”

Under the title, “How the Parasites Thrive on the Chaos They Create,” you will find this, “...the U.S. Federal Reserve under Jerome Powell “has become nothing more than a gigantic, rogue hedge fund that feels it has a lawful mandate to buy any assets not nailed down.”

The report concludes with the **Feature**, mentioned above.

LaRouche’s ‘Apollo Mission’ for a World Health System and the Economy



Lyndon H. LaRouche, Jr. (Photo: EIRNS)

<https://larouchepac.com/20200415/larouche-s-apollo-mission-world-health-system-and-economy>
April 15, 2020

We face a situation of world collapse. What is required is a comprehensive solution, not just good ideas, however welcome and just. The needed perspective is presented in the newly released Schiller Institute document, [“LaRouche’s ‘Apollo Mission’ To Defeat the Global Pandemic: Build a World Health System Now!”](#) whose focus is on saving lives, in the course of which, the mobilization involved will establish the agro-industrial and infrastructure capacity for a new economy. It will not be a futile attempt to “go back to work” in any of the ways that led up to the breakdown crisis to begin with.

Helga Zepp-LaRouche, Schiller Institute founder and president, commenting on this yesterday, stating that there are worthwhile developments, such as calls for debt moratoria for impoverished nations, but they do not, standing alone, add up to the comprehensive shift in the system that is required.

Making this shift happen is the aim of the April 25-26 internet conference, [“Mankind’s Existence Now Depends on the Establishment of a New Paradigm!”](#) Mobilizing for maximum attendance from every continent is itself contributing to the mass movement to change the course of history.

One welcome initiative comes today from Africa. Out of Ethiopia cargo planes took off as part of an operation called “Solidarity Flights,” transporting protective gear and medical equipment for health caregivers and patients, to be delivered to every country in Africa. The equipment was donated by the Jack Ma and Ali Baba Foundations Initiative, and Ethiopian Prime Minister Abiy Ahmed. The mission is jointly run by the World Food Program, World Health Organization and the African Union, out of a new “humanitarian hub” in Addis Ababa. The volume of the aid is small, but the significance of the initiative is great. The plan is to set up other such hubs elsewhere in the world. What’s lacking is full funding.

The worldwide transmission of the SARS-CoV-2 virus is causing nightmare conditions at multiple locations, even before it has fully spread throughout the Global South. Today in India, where COVID-19 is progressing relentlessly, Prime Minister Narendra Modi addressed the nation, announcing another three weeks of lockdown and encouraging his countrymen to withstand the restrictions, in order to slow the virus while more medical facilities can be mustered.

Elsewhere in Asia, the leaders of the ASEAN+3 nations—the 10 ASEAN nations plus China, Japan, and South Korea—met online summit, and pledged to be mutually supportive in measures to combat the SARS-CoV-2, the virus that causes COVID-19.

There is a dramatic economic crisis in the U.S., where 18 million people have filed for unemployment help in just the past three weeks. Food supply lines are running out; agriculture capacity is at stake. Every day, for example, farmers have dumped an estimated 5% of all their milk output down the drain, for lack of a place to sell and decent price to sell it at. An immediate factor is the drop of 12-15% in public demand after stay-at-home orders in mid-March. But well before the virus ever arrived, 3,000 U.S. dairy farmers were forced out of operation in 2019 alone, due to the systemic conditions of chronic low prices to farmers and ranchers, concentration of processing, and refusal of the Federal government to buck the Wall Street/City of London networks, and act in the public interest.

With different particulars, the same holds true for all other areas of life and production, from housing, to transportation, to water, power, disaster defense, and certainly to healthcare, and basic science. The lack of basics in the face of the virus is most extreme in Africa, parts of South and Central America and parts of Asia.

Zepp-LaRouche stressed yesterday, that we cannot defeat the virus under the existing economic system, which is bankrupt. We must restore Glass Steagall banking reorganization, clean out the bad gambling debts, set up Hamiltonian banking with plentiful credit for priorities, and engage in international cooperation—a New Bretton Woods in these terms.

Such a clear perspective—guided by the direct policies and proposals of Lyndon LaRouche—is the

content of what must be planned for both fighting the pandemic and for creating the post-pandemic economic system. It stands in contrast to this week's contrived flare-up of conflict between President Donald Trump and state governors, about who has authority to issue "back to work" orders—a classic British Empire mind-game of playing everyone off against each other, or, "let's you and him fight."

Our focus in these troubled days is to [bring maximum participation in the Schiller Institute April 25-26 international conference](#), and pre-event organizing. "Tough times never last. Tough people do," Zepp-LaRouche quoted today, from the U.S. Ambassador to China Terry Branstad, who spoke on radio from Beijing to Des Moines April 12. He said the motto had guided him as Iowa governor through the 1980s farm crisis, and will guide us all together today.



Here are the links to all three parts of the report:

LaRouche's 'Apollo Mission' to Defeat the Global Pandemic: Build a World Health System Now! Part I

<https://larouhepac.com/20200411/larouche-s-apollo-mission-defeat-global-pandemic-build-world-health-system-now?fbclid=IwAR2gTOcxguvINfJ4EHKeXLx7qdUuy4npI2y35PCGa7RG5AJjSfbGikAbCc>

Defeating the Pandemic, Part II: Public Health Measures

<https://larouhepac.com/20200413/defeating-pandemic-part-ii-public-health-measures>

Defeating the Pandemic, Part III: Industry, Infrastructure, and Political Requirements

<https://larouhepac.com/20200413/defeating-pandemic-part-iii-industry-infrastructure-and-political-requirements>

Anti-China Insanity Threatens Fight Against COVID-19

Overcoming the Systemic Threat to Peace and Prosperity: Geopolitics and Neoliberalism

<https://larouhepac.com/20200416/overcoming-systemic-threat-peace-and-prosperity-geopolitics-and-neoliberalism>

Anti-China hysteria is a creation of geo-politicians, the same people who framed Russia as the biggest enemy of the United States, another lie. What is the real threat to our security and freedom? It's not China. President Trump understands that, why don't you?

Every weekday morning Harley will brief you on what you need to know to start your day. If you

haven't already, [sign up for Harley's weekly articles](#).

Subscribe to the [LaRouchePAC YouTube channel](#), and hit the notifications button to be notified when Harley's briefings are posted. And, [follow us on Soundcloud](#) for audio versions of these updates.

China Leads World in Assisting Other Nations with Medical Goods and Expert Advice To Fight COVID-19

April 10 (EIRNS)— Speaking at the Virtual Informal Conversation with the United Nations High Commissioner for Human Rights on the Outbreak of COVID-19 and its implications for human rights, Chen Xu, head of the Chinese Mission to UN Offices at Geneva, said that “guided by the vision of building a community with a shared future for mankind,” China is currently making active efforts in honoring its assistance commitment to more than 130 countries and organizations, Xinhua reported yesterday.



A Million N95 Masks Are Coming to the U.S. From China—on Board the New England Patriots' Plane

From his overview, it is clear that China is the world's leading nation in assisting other nations, including the U.S., with material goods and expert advice to fight the novel coronavirus.

“China,” he said, “has sent a total of 13 teams of medical experts to eleven countries, and held about 70 video expert conferences with more than 150 countries as well as international organizations.” The countries to whom China has sent medical experts include Italy, Serbia, Cambodia, Pakistan, Iran, Iraq, Laos, Venezuela, the Philippines, and Myanmar.

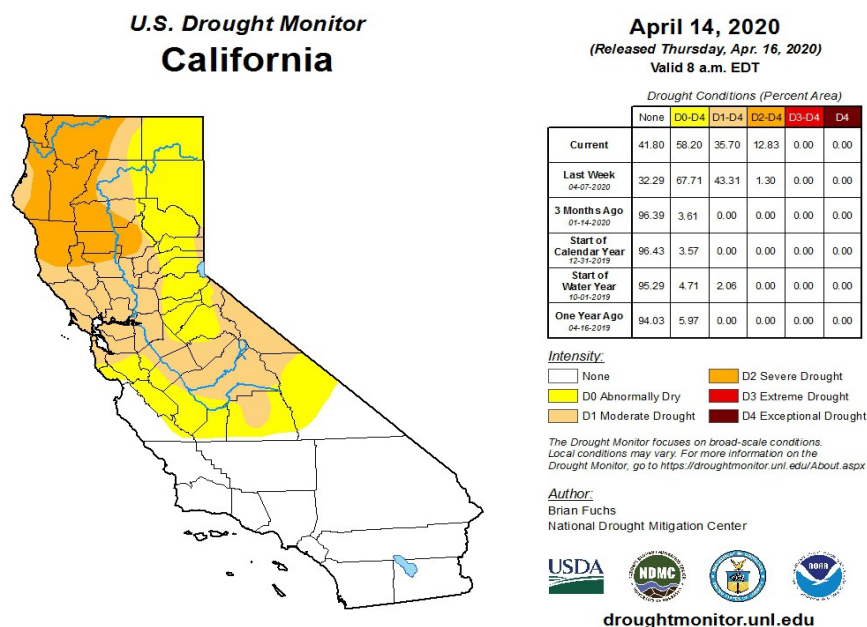
According to Chinese ambassador Chen, in the course of one month from March 1 to early April, about 3.86 billion masks, 37 million protective suits, and 2.84 million testing reagents for COVID-19 have been exported from China, after customs inspection.

He emphasized that “China is taking real action to promote international public health cooperation. This in itself, is a significant contribution to the international human rights cause.”

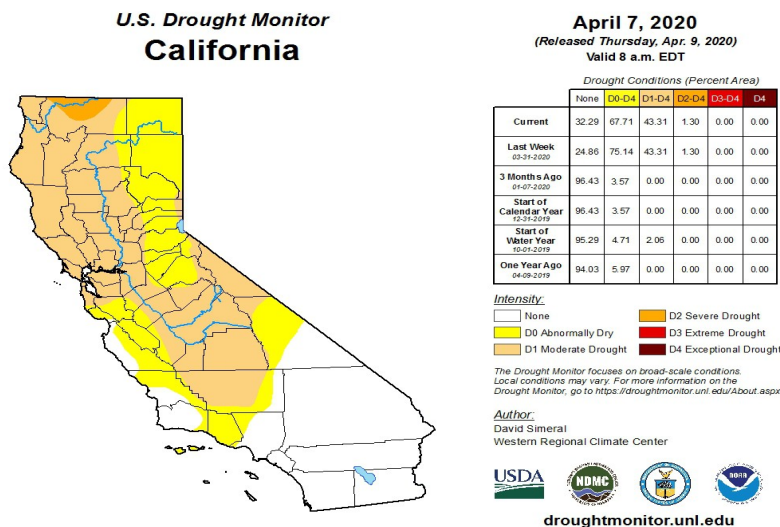
California drought Continues to Expand

U.S. Drought Monitor for April 14, 2020

Whoa! In the past week we see a jump in the drought intensity for the state. Now nearly 13% of the state in “Severe Drought,” compared to just 1% one week ago. Also, about 37% of the state is categorized as being in “Moderate Drought.”



Compare the April 7, 2020 U.S. Drought Monitor to that of this week. Notice the expansion of drought is centered in the northwest part of the state.



Feds declare 'Shasta critical' year for California irrigation water deliveries

Senior water rights holders in the Central Valley Project told to not expect full allocation this season as projected inflow to Shasta Lake will be limited

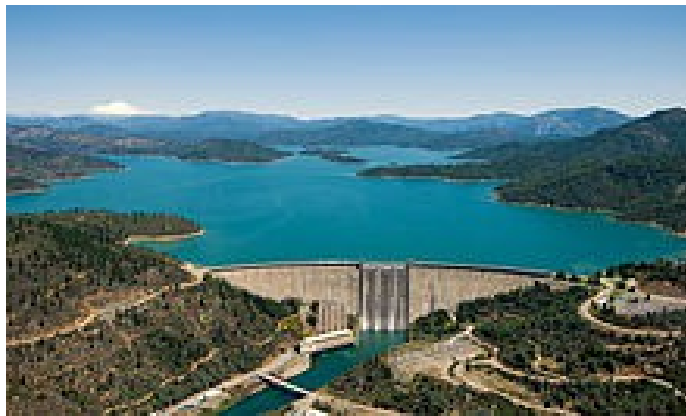
[Todd Fitchette](#) | Apr 15, 2020

<https://www.farmprogress.com/water/feds-declare-shasta-critical-year-california-irrigation-water-deliveries>

Though winter rains were able to push Shasta Lake to 82 percent of capacity by early April, federal water managers declared a "Shasta critical year," paving the way for reduced water deliveries to senior water rights holders, who generally receive full water allocations each year under state water law.

A Shasta critical year is declared when the forecasted inflow to Shasta Lake, the cornerstone reservoir in the federal Central Valley Project (CVP), is at or below 3.2 million acre-feet. Storage in the reservoir as of mid-April was just over 3.7 million acre-feet.

"Shasta is largely a rain-fed reservoir and this year's storms have largely missed that watershed," said David Guy, president of the Northern California Water Association.



Shasta Dam

A "Shasta-critical" designation means Exchange and Settlement Contractors – these are the most senior of water rights users in the state – will receive 75 percent of their allocation. Water deliveries elsewhere in the state have been cut to 40 percent for Friant Division Class 1 users and 15 percent for south-of-Delta agricultural users.

Even the junior rights users on the Sacramento River will see their allocations cut to 50 percent.

In short, this means farmers that do plant crops will be forced to rely heavily upon groundwater to meet crop needs this season.

State Water Project

Due to the COVID-19 shutdowns, the California Department of Water Resources conducted its annual April 1 snow survey without the typical tow of cameras and reporters. There was little to see or report from the manual survey of snow at Phillips Station near Lake Tahoe.

Less than four feet of snow depth with a water equivalent of 16.5 inches was recorded in the survey. This is 66 percent of the April average for this location, according to DWR.

Electronic snow survey measurements across California reveals similar numbers on average, or just over half the expected snowpack for this time of year.

According to DWR, California's snowpack provides about 30 percent of the state's annual water needs as it melts and fills reservoirs and aquifers across the state.

Feds Cut Water to Exchange Contractors, Wildlife Refuges

[gvwire](#)

April 14, 2020

<https://gvwire.com/2020/04/14/feds-cut-water-to-exchange-contractors-wildlife-refuges/>

The U.S. Bureau of Reclamation announced a water allocation update Monday and it had disappointing news for some San Joaquin Valley farmers, as well as wildlife refuges.

The San Joaquin River Exchange Contractors saw their allocation cut [from February's announced 100%](#) to 75%, which is their contract minimum. Wildlife refuges likewise were reduced from 100% to 75%,

March Rains Did Little to Fill Shasta

Bureau officials said that even though March rains improved California's overall water situation that wasn't the case at Shasta Reservoir, which supplies the Exchange Contractors.

Exchange Contractors Saw the Cut Coming

After February's initial 100% allocation, Chris White, executive director of the San Joaquin River Exchange Contractors, told his growers that their irrigation deliveries might be reduced.

"If the inflow projection (for Shasta) drops to 3.2 million acre-feet, that will result in a critical year supply designation," White said. "That would reduce our allocation by 25%."

Water supply allocations for all other water contractors serviced by the CVP continue to be evaluated and will be updated as appropriate, bureau officials said. Water supply updates are [at this link](#).

Reclamation Doubled Friant Allocation to 40%

On April 6, the Bureau of Reclamation doubled the Central Valley Project [water allocation for Friant Division farmers from 20% to 40%](#).

More drought on tap for western US amid low river flows

By SUSAN MONTTOYA BRYAN April 14, 2020

<https://apnews.com/bebb9c9af320e50ba199840406988b23>

RIO RANCHO, N.M. (AP) — The mighty Rio Grande is looking less mighty as U.S. forecasters predict spring flows will be less than half of average — or worse — and that signals potential trouble for the already stressed waterway.

One of the longest rivers in North America, the Rio Grande delivers drinking water and irrigation supplies to millions of people from southern Colorado into Texas and Mexico under a decades-old water-sharing agreement. With more dry years than wet ones over the last two decades, how much water ends up flowing downstream has been a point of contention among the states.

As New Mexico and Texas battle over their shares before the U.S. Supreme Court, forecasters with the federal government's Natural Resources Conservation Service say river and stream flows across New Mexico have dropped noticeably following a somewhat dry March.

The [models](#) show drought is expected to keep its hold over the mountains along the New Mexico-Colorado border that feed the Rio Grande, while California, Nevada and other southwestern states aren't likely to see a reprieve from dry conditions through June.

ALARM BELLS

In southern New Mexico, irrigation officials are expecting flows into the state's largest reservoir to top only 34% of the 30-year average. There's some water in storage from 2019, but officials say that will likely be used by summer and New Mexico will be prohibited from storing any additional water to keep from violating the water-sharing compacts.

Phil King, an engineering consultant with the Elephant Butte Irrigation District, describes the 2020 runoff forecast for northern New Mexico and southern Colorado as increasingly bleak.

"That basically means the water supply for the Rio Grande Project, including EBID, is in pretty bad shape," he said.



In this Saturday, April 11, 2020, drone photo provided by WildEarth Guardians, the Rio Grande flows through White Rock Canyon near White Rock, N.M. U.S. forecasters predict spring flows will be less than half of average near the Otowi Bridge gauge and even less downstream, signaling potential trouble for the already stressed waterway. (Galen Hecht/WildEarth Guardians via AP)

Farmers, Water and Feeding the Country

The connection between federal and state policy, the water supply for agriculture and feeding the population has suddenly been brought to the forefront with the COVID-19 pandemic.

We begin this section with a 10 minute video locating the speculative casino to the origins of the farm crisis that has now become such that actual food shortages can become widespread.

The second item, the statement from Congressman LaMalfa, like all of the articles below, is excerpted.

Next are items reporting on the dumping of milk and destruction of other crops as farmers are unable to get what they produce to market, or the prices at which they can sell are below the cost of harvesting.

Food Shortages Loom, Unless We Shut Down the Speculative Casino Economy

<https://larouhepac.com/20200415/food-shortages-loom-unless-we-shut-down-speculative-casino-economy>

We know now that the profiteering off the healthcare industry over the last few decades created a huge vulnerability for every American. How about our agricultural sector? Does our food supply, at home

and abroad, suffer from the same vulnerability? The answer is yes, which is why we will face one crisis after another until we reorganize our economy using the model of the American System.

Every weekday morning Harley will brief you on what you need to know to start your day. If you haven't already, [sign up for Harley's weekly articles](#).

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Congressman LaMalfa asks Trump to support farmers

Corning Observer

April 16, 2020

https://www.appeal-democrat.com/corning_observer/congressman-lamalfa-asks-trump-to-support-farmers/article_3b5d8260-7eab-11ea-9527-3b06657787fb.html

Congressman Doug LaMalfa, republican of Richvale, issued the following statement after sending a letter to President Donald Trump asking that he use his emergency powers to maximize water allocations to farmers and ranchers in the Klamath Basin, Sacramento Valley, and San Joaquin Valley.

LaMalfa reiterates the importance of a domestically grown food supply is part of national security.

In order to alleviate temporary shortages due to hoarding and panic buying, limits on imports from foreign countries trying to feed their own citizens, and interruptions on farmers' ability to use their acreage, maximizing water allocations to our farmers in the West will ensure the stability of our food supply chain during the coronavirus pandemic, he adds.

California dairies dump milk, crops may be left to wither as coronavirus pandemic disrupts food system

[Kurtis Alexander](#) April 12, 2020

[https://www.sfchronicle.com/news/article/California-dairies-dump-milk-crops-may-be-left-15195891.php?utm_campaign=CMS%20Sharing%20Tools%20\(Premium\)&utm_source=t.co&utm_medium=referral](https://www.sfchronicle.com/news/article/California-dairies-dump-milk-crops-may-be-left-15195891.php?utm_campaign=CMS%20Sharing%20Tools%20(Premium)&utm_source=t.co&utm_medium=referral)

In fact, there's so much milk on dairy farms across the nation that the price paid to operators for their raw product has dropped by nearly half in recent weeks. Some California dairies can't even find a place to deliver their milk and have resorted to dumping it in their manure ponds.

"It's sickening," said Jack Hamm, 65, who milks more than 1,000 cows at his ranch in Lodi (San Joaquin County), one of 1,200 dairies in California that make the state the top milk producer in the country. "It's more than about the money for us. It's about our life's work ... and whether we get paid a dime for this milk or have to pour it into the ground, we have to keep feeding and milking our cows. You can't just not milk them."

While food continues to be produced on the nation's farmland during the coronavirus pandemic, the subsequent lockdown of society has caused a seismic shift in what people are buying and eating, and distribution networks haven't kept up. As a result, some food items are not getting to where they need to go.

Farmers dump milk, plow under crops as coronavirus cases climb in Fresno area

By [Manuela Tobias](#) and [Robert Rodriguez](#)

April 11, 2020

<https://www.fresnobee.com/news/local/article241807661.html>

U.S. Farmers Dumping 5% of Milk Output with No Place To Sell, Nor Price To Sell At

April 14 (EIRNS)—Farmers are dumping milk at unheard of rates. On any one day right now, up to 5% of U.S. output may be going down the drain, according to the estimate of the International Dairy Foods Association. Some 3.7 million gallons a day are dumped, reports the Dairy Farmers of America, a large dairymen's marketing cooperative.

Demand for buying milk and milk products dropped 12 to 15% since the stay-at-home orders in mid-March, but no effective contingency measures have been taken so far to shore up the milk production capacity.

On April 10, the U.S. Department of Agriculture put in some measures to ease the losses to the farmer, tweaking terms to Federal dairy and insurance programs to be a little more loser-friendly.

Sending milk down the drain is not a protest, but a recourse brought about by the immediate effects on food purchases from the stay-at-home orders, coming on top of years of below-cost prices, concentration of processors for all types of dairy products, from fluid to cheese to powder, and the Wall Street/City of London domination that prevents Washington from taking remedial action.

In 2019, long before COVID-19, the U.S. lost 3,000 dairy farms to these conditions.

Food Banks in Crisis over Massive New Demand

April 15 (EIRNS)—The explosive growth of people showing up at Food Banks across America, outstripping what those food banks can possibly supply, is a feature of the lockdown of U.S. states and counties—with resulting 16 million new unemployed—as part of the fight against COVID-19; and of the longer term fall in American living standards.

On April 9, the San Antonio Food Bank was overwhelmed. More than 10,000 people showed up at various San Antonio Food Bank distribution centers. About 6,000 families had registered online, but nearly double that showed up. At a very large distribution site called Tenders Village, a flea market on the south side of the city, thousands of cars lined up at dawn. On April 13, news blog Upworthy reported, “Due to the high demand, the distribution event ended four hours after its planned closing time, as thousands of people waited out the day in 90+° heat.”



Vehicles start lining up before dawn as locals hit hard by economic effects of coronavirus seek aid from the San Antonio Food Bank.

This crisis is occurring at hundreds of locations, but here are a few illustrative cases:

In the last two and a half weeks, the Feeding San Diego food bank has bought 36 truckloads of food, which is more than this food bank normally purchases in a year.

In New York City, City Harvest food bank said 82 of the food programs it delivers to have shut down because of precautions and lack of staffing. City Harvest estimates in that city of more than 8 million, there are 2.5 million struggling to make ends meet, many of whom need food. The discontinuation of many of City Harvest's activities occurs as New York City's number of COVID-19 infections passes 110,000, and deaths exceed 10,000.

What is required is a FEMA-type nationwide effort to get food to the places of need. The last two COVID-19 Federal aid laws—March 18 “Families First” and March 27 “CARES” Acts—include funding for various categories of food provision: \$500 million for out-of-school meals; \$15.5 billion for SNAP—the groceries food aid program; \$8.8 billion more for school-age-related food relief; and two authorizations for food banks—\$400 million emergency aid to TEFAP (Emergency Food Assistance Program) and then \$450 million more.

But the logistics must be made to work. Plus, the funding and goods-in-kind topped up as needed. Much of the responsibility is through the U.S. Department of Agriculture, which has not significantly kicked in. President Donald Trump told Agriculture Secretary Sonny Perdue on April 7 to use USDA power to help farmers; the White House Task Force needs to get food to the hungry.

Some Background on Decades of Taking Down the U.S. Hospitals

***Washington Post* Op-Ed on Take-Down of U.S. Hospitals**

April 13 (EIRNS)—An op-ed in the Sunday edition of *Washington Post* by Andreas Flynn, the director of health equity at the Roosevelt Institute, and Ron Knox, a senior research at the Institute for Local Self-Reliance, points to the take-down of the country's rural hospitals and the extensive hospital mergers during the last few decades as responsible for the serious predicament the country is in with the outbreak of the coronavirus.

“America's now-disastrous lack of hospital capacity is no accident,” they admonish. “It is, in part, a result of consolidation over the past 30 years that concentrated our health-care system in wealthy cities and suburbs, where the prevalence of expensive insurance plans allowed big health systems to rake in profits. There have been more than 680 hospital mergers over the past decade, a trend that is likely to accelerate in the coming years. It involves mergers between hospital systems, as well as large hospital conglomerates' takeovers of rural hospitals, physicians' offices, ambulatory surgical centers and other outpatient clinics.”

The authors observe that there are about 15% fewer community hospitals in the U.S. than there were in the mid-1970s and 120 rural hospitals have been shuttered over the past decade. Mergers and closures have contributed to the reduction in hospital beds in the United States, from around 1.5 million in 1975 to just more than 900,000 in 2017. And the Affordable Care Act increased the pace of consolidations, they say. “Recent studies have shown that even before COVID-19 began to strain rural health systems, 1 out of every 5 rural hospitals was at risk of closing because of financial pressure. Part of the pressure comes from sicker patient populations that are more likely to rely on Medicare and Medicaid, which have lower reimbursement rates than private insurance does. That has made for an underlying health

crisis upon which the COVID-19 pandemic is now layered.”

The authors call for broad public investments in the hospital system, health being a public good. “Hospitals should not be run according to corporate-style efficiencies, operating at near-full capacity to satisfy investors. Rather, hospitals should ensure that they have the capacity to care for their communities should the worst occur.”

How the Parasites Thrive on the Chaos They Create

The Easy Life on Wall Street: ‘We Buy What the Fed Buys’

April 15 (EIRNS)—Since BlackRock, Wall Street’s biggest fund manager, is executing all the Fed’s bailout purchases of junk bonds, corporate commercial paper, mortgage-backed securities, etc., and charging typical investment banking fees for all the trillions of them, they would, of course, as upstanding Wall Street professionals, not be buying all the same things for their own funds, right? That kind of front-running the purchases of a super-giant whale of a client would be the most blatant possible conflict of interest.

Rick Rieder, head of BlackRock’s Global Allocation Team and its fixed-income team—managing investment of \$2.3 trillion in total—put its strategy on his blog, where it was picked up by Zero Hedge. BlackRock will “keep a significant cash cushion,” Rieder wrote, but otherwise “will follow the Fed and other DM [developed market] central banks by purchasing what they’re purchasing, and assets that rhyme with those.” By rhyme—assets which move in tandem with the ones the Fed and other central banks are buying massively, all of which purchases BlackRock will know in detail, in advance.

Rieder sounded awed by the prospects: “The magnitude of this unfolding crisis is truly historic,” he wrote. He described how BlackRock will “rotate down the credit spectrum, swapping investment-grade credit for higher quality high-yield [junk] or loans” because the Fed is hugely buying junk. And he continues, “with many of those assets trading at nice discounts to par [junk debt collapsed before the Fed started buying it], there is also the potential for near-term capital appreciation.”

So now these financial markets are not only completely disrupting vital economic functions like growing and selling food, buying homes, and so on; they’re also completely rigged for the giant trading operations on Wall Street. Close the markets down, and break Wall Street up.

Believe it or not, Zero Hedge reports Rieder’s blog post was titled, “Wall Street’s Believe It or Not.”

Planet Ponzi Author Feierstein Charges the Fed ‘Has Become Nothing More Than a Gigantic, Rogue Hedge Fund’

April 12 (EIRNS)—In an op-ed published April 10 by RT, investor and banker Mitchell Feierstein ripped into the way the U.S. Federal Reserve under Jerome Powell “has become nothing more than a gigantic, rogue hedge fund that feels it has a lawful mandate to buy any assets not nailed down.” The author of *Planet Ponzi*, Feierstein had a notable public exchange with U.S. physical economist Lyndon LaRouche during one of the latter’s webcasts in 2015 (see separate slug).

In his RT article, Feierstein noted that recent Fed steps are making things worse at an accelerating rate:

“Powell’s Fed [just announced that it] will buy corporate debt—including the riskiest corporate debt in existence, junk bonds—as part of another, larger \$2.3 trillion rescue package for banks, businesses, builders and municipalities. Junk bonds are such garbage that pension funds are prohibited by law from

purchasing them. Bailing out foreign banks is not in the Fed's mandate, nor is buying municipal bonds, but it continues to do so.... The Fed is socializing hedge fund investments gone bad, placing taxpayers at risk."

Feierstein then describes the revolving door between the Fed and top investment banks: "One of the most significant hedge funds in the world, at least in asset size, Ken Griffin's Citadel, hired Federal Reserve Chairman Ben Bernanke after he left the Fed." Feierstein also writes that Neel Kashkari, currently president of the Federal Reserve Bank of Minneapolis, was hired in 2009 "by investment management firm PIMCO, which boasts that it manages nearly \$2 trillion in assets for every class of investor, including some central banks."

Feierstein concludes by explaining that not all debt is created equal. "Debt is never a bad thing if it is used to create organic growth or fund infrastructure development that creates opportunities and employment. Debt is dangerous when used to develop grotesque weapons of mass financial destruction by structuring synthetic derivative products that use leverage of 300 to 1 or more—meaning that \$1 million can control \$300 million in assets."

Feature: What Must Be Done

Now Is The Time To Reorganize The Financial System

April 14, 2020

<https://larouchepac.com/20200414/now-time-reorganize-financial-system>

World-wide, central banks are bailing out worthless financial assets held by the City of London and Wall Street --this in a midst of a pandemic of global suffering, and, in the developing sector of the world and impoverished areas right here in the U.S., almost certain death.

To see how these maniacs think just look at the investment article today by the "formidable Wall Street figure" and Davos raconteur Scott MinerD, billionaire CEO of Guggenheim Investments, who told his clients COVID-19 is going to devastate the developing countries—which he calls, in the customary contemptuous finance-speak, "emerging markets" or just "Ems."

"The emerging markets soon will be hit very hard by the global pandemic," MinerD wrote. "The pandemic will be followed by goods and food shortages, and social unrest. Before the virus hit them directly, EM countries had already been adversely affected by falling commodity prices and the economic impact of the shutdown in China and other parts of the developed world. Most EM countries have very weak healthcare systems, nowhere near enough hospital beds and respirators, crowded cities and slums, and large numbers of workers in the economy who are paid daily wages or work in the informal economy and can't work remotely. For many EM countries, this pandemic will quickly escalate from a health crisis to a humanitarian crisis, and ultimately to a solvency crisis. Political stability will be the last domino to fall."

And MinerD then goes on from there to advise clients on the relevant Investments in the ravaged developing sector!

The threat of very large numbers of people dying in the developing countries is real for those people—and for us. But for Wall Street and the City of London-centered banks: They're getting bailed out, from an admitted, complete collapse of the monetary system they have played for 50 years. The Federal Reserve is printing \$5 trillion so far, under the aegis "unlimited," to purchase bad assets from and lend money to speculative financial firms, while offering one-third of that in loans to municipalities and

other businesses.

Another author today, Jonathan Tepper, CIO of Prevatt Capital, tells the actual story, criticizing the FED in, of all places, the Financial Times of London:

“Lending to potentially insolvent companies is bad enough, but buying corporate bonds and ETFs in the secondary market is of questionable legality under Section 13 of the Federal Reserve Act.... It also does nothing to help fund the economy, and merely helps the returns of investors who have already bought corporate bonds. It is a paradise for speculators.

“The obvious beneficiaries of the junk bond-buying program are overleveraged private equity groups and unhealthy borrowers. This is not surprising. [Fed Chairman Jerome] Mr. Powell spent years at Carlyle, the private equity giant,” Tepper notes.

Meanwhile Americans under unprecedented mass unemployment get \$1,200 each. They get to postpone their mortgage and tax payments but must make a balloon payment later—while Capital One bank is told by regulators it simply need not pay a \$1 billion margin call on its derivatives losses at all. So, the injustice to the developing sector of the world is also in force for the American and European populations, where minority citizens with generally poorer lifetime healthcare, and the elderly, fill 80-90% or more of the death rolls from COVID-19.

The floating-exchange-rate, casino monetary system of the past half century, which has produced flagrant wealth, real wage losses and poverty, and widespread Malthusian views of human life, is now a wreck. But the central banks led by the Fed insist they’ll repair it. “We can prevent deflation!” Fed Vice-Chair Richard Clarida swore today. If they do, it will be with a deadly hyperinflationary explosion.

This rotten-ripe system, which the population rightly hates, can be replaced completely by a new credit system of the leading technological powers acting in concert, beginning by building a world health system which can prevent mass death in the developing countries. [This new system will be presaged by the international conference of the Schiller Institute to be held online April 25-26.](https://larouchepac.com/20200413/double-crisis-single-solution)

Double Crisis, Single Solution

<https://larouchepac.com/20200413/double-crisis-single-solution>

April 13, 2020

The global coronavirus pandemic continues to spread at a breathtaking rate. On April 10 there were about 1.5 million cases worldwide; on April 12, there were 1.8 million. On April 10 there were some 80,000 deaths from COVID-19; recently the number has soared to 111,000. Over 20,000 of those deaths are in the U.S.

It must be stressed that this is the world panorama before the pandemic has struck full-force in the less-developed nations. The devastation in these poor countries looted to the bone by the bankrupt trans-Atlantic financial system, will in all likelihood be far greater than has been the case so far in the developed sector.

And now India, with its 1.3 billion people, is facing a coronavirus crisis greater than any yet seen on the planet.

At the same time, the very financial system which spawned the conditions that opened the door to the pandemic, is using the central banks of the world—most prominently the U.S. Federal Reserve—to hyperinflate itself into a speculative frenzy that will end in a blowout of the entire system.

In her address to the April 11 Manhattan Project meeting, Helga Zepp-LaRouche addressed the

underlying nature of the problem, and its solution:

“Many of these people think they can just keep going by having the central banks putting out trillions and trillions of dollars and euros, like the Federal Reserve, which issued not only \$2 trillion for different aspects of the economy— households, small enterprises, and so on—but also \$4 trillion to keep the financial system going. All the central banks have practically decided that they will pump liquidity without restraints into the system. There is no way that this system of \$1.8 quadrillion in a speculative bubble can be maintained.

“There is no quick fix. You cannot just reopen the economy; you cannot just keep pumping money, because if you do not address the fundamental reasons for why the world got into this crisis, there is no way out.

“What are these fundamental reasons? My late husband, Lyndon LaRouche, in 1971 put out a warning that this would happen. Later on, he added many predicates by warning already from 1974 on, that if you lower the living standard over a long period of time, and if the nutritional throughput of entire continents is below the biological minimum, then the danger would be that these undernourished populations of the developing countries would become breeding grounds for epidemics and pandemics of old and new diseases. This is the problem which has now occurred, that the actual potential relative population density has fallen under the number of actual living people.

“This is what we see right now especially in the developing countries, where you have not only the coronavirus pandemic hitting, but it hits on an already completely impoverished population with locust swarms in much of East Africa, malnutrition of 60 million children in Africa alone, a large degree of HIV infection and tuberculosis, and so on. If the pandemic hits on that, the consequences can only be catastrophic.

“Therefore, what we are calling for—and this is the only way we can solve this problem; no other solution, no side deal, no minimum approach will be sufficient. You have to answer this situation by building up a World Health System, a decent health system in every single country. The standard which has to be applied is exactly what the Hill-Burton standard was in 1946 in the United States; which prescribed—just to mention one important figure—4.5 hospital beds per 1,000 people. The current level of hospital beds in the United States, because of the privatization of the health sector, is 2.8 beds per 1,000 people. In South Africa, it’s only 0.7 beds. In Nigeria, it’s 0.5—and one-fifth of the total population of Sub-Saharan Africa lives in Nigeria.”

Zepp-LaRouche concluded:

“We have now really reached a point where we have to find our humanity on a completely different level. If we do that, I think we can overcome geopolitics, we can overcome confrontation and war as a way of conflict resolution, and find a new way for all nations to work together for the one species, the one humankind. I call on all of you to join this effort, because it will get worse. Unfortunately, I am absolutely certain that the worst period is still to come.

“But if we use that to unite for this task to establish a just new world economic order, starting with a World Health System, I think we can grow out of this crisis and become more human.”

Those are precisely the issues that will be addressed in depth at the April 25-26 Schiller Institute conference, [“Mankind’s Existence Now Depends on the Establishment of a New Paradigm!”](#)